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REGULATIONS GOVERNING CASH MANAGEMENT PRACTICES
WITHIN THE FEDERAL GOVERNMENT1976
Department Circular No. 1084Department of the Treasury
Washington, D. C. 20226Fiscal Service
Bureau of Government
Financial Operations

TO HEADS OF GOVERNMENT DEPARTMENTS AND AGENCIES AND OTHER CONCERNED:

1. Authority. The provisions of this Circular issued under 5 U.S.C. 301 and 31 U.S.C. 484, 492(a), 492c, and 1002.
2. Purpose. The Treasury Department historically has maintained a close watch on Government-wide cash balances and has conducted a sustained effort to minimize cash held outside of the cash account of the Treasury, and thereby unavailable for use, through requirements relating to such matters as deposit transactions and advance funding operations. This effort has been carried on in recognition of the value of Treasury's cash balances as an earning asset carried with Federal Reserve Banks, as a means of avoiding unnecessary borrowing, and as a means of offsetting expenses incurred by commercial banks in carrying out essential Government business. These regulations are issued for the purpose of broadening this Department's overview of agencies' cash management practices and establishing the requirements pursuant to which Government departments and agencies will conduct their activities involving the Government's cash so as to maximize the amount of cash available to this Department and preclude unnecessary borrowing.
3. Scope. These regulations are applicable to all Government departments and agencies whose financial transactions affect the cash account of the Treasury. Cash management practices relating to billings and collections, deposits, disbursements, cash advances under Federal grant and other programs by letters of credit and other means, and cash held outside the Treasury are covered.
4. Policy. Agency regulations, systems and procedures, relating to transactions which affect the cash account of the Treasury shall be developed to ensure that financial activities are conducted in a manner which (a) will make the maximum amount of cash available to this Department on a continuing basis and preclude unnecessary borrowing, (b) gives full consideration at all times to the earning value of Treasury cash balances in determining the cost/benefit relationship of financial decisions, and (c) incorporates the cash management practices described in sections 5 through 9 of this Circular.

5. Billings and Collections.

- (a) Billings to organizations outside the Government shall be prepared and transmitted promptly and shall bear a clear indication of the requirement for timely payment to ensure that funds are received promptly.
- (b) An agency's collection system shall be designed so as to give explicit consideration to the volume and character of the collections and the availability of cash to the Treasury.
- (c) An agency's collection system shall include procedures which provide for prompt and continuing action to collect its receivables, and the aggregate amount of its receivables outstanding shall be kept to the minimum amount possible.
- (d) Any contract or agreement which governs the sale of goods or services to an organization outside the Government shall include a payment schedule.

6. Deposits.

- (a) In all cases, the deposit of funds (both U.S. dollars and foreign currencies) for credit to the account of the Treasury shall be made as expeditiously as possible.
- (b) An agency's deposit system shall incorporate procedures which will allow for prompt deposit of funds; e.g., separation of the flow of receipts from the flow of related documents at the earliest possible processing point.
- (c) Agencies may utilize the Treasury's Electronic Funds Transfer System for the receipt of deposits, and will be required by this Department to do so when it is deemed warranted by the Fiscal Assistant Secretary or his designee, in accordance with Department Circular No. 1083, dated June 21, 1976.

7. Disbursements.

- (a) An agency's payment system shall be designed so that payment is made by the due date specified on the invoice provided that the related goods or services have been received. If no due date is specified, payment shall be made within a reasonable period of time after receipt of the invoice or the related goods or services, whichever is later.

- (b) Such payment system shall incorporate procedures which will allow the agency to automatically take advantage of cash discounts as a matter of routine and eliminate any need for special handling.
- (c) Agencies shall not make payment on an invoice in advance of the receipt of the related goods or services except as specifically authorized by law.
- (d) Agencies may utilize the Treasury's Electronic Funds Transfer System to effect payments only with the prior approval of the Fiscal Assistant Secretary or his designee, in accordance with Department Circular No. 1083, dated June 21, 1976.

8. Cash Advances Under Federal Grants and Other Programs. It is the responsibility of grantor agencies to monitor the cash management practices of their recipient organizations to ensure that Federal cash is not maintained by them in excess of that required for immediate disbursement needs. Treasury requirements with respect to this activity are set forth in Department Circular No. 1075, as revised (31 CFR Part 205), and Chapter 2000, Part 6 of Volume I of the Treasury Fiscal Requirements Manual.

9. Cash Held Outside Treasury.

- (a) Cash Held at Personal Risk Including Imprest Funds by Disbursing Officers and Cashiers. Funds are held by agencies' accountable officers pursuant to the provisions of Department Circular No. 1030, as revised, and Chapter 3000, Part 4 of Volume I of the Treasury Fiscal Requirements Manual. Agencies shall periodically review such funds to ensure that the fund balances are commensurate with actual needs and do not exceed maximum limitations.
- (b) All Other Cash Held Outside Treasury.
 - (i) Agencies which are authorized to maintain funds with depositaries for specific purposes, or to control the maintenance of such funds, shall ensure that any portion of the funds in excess of the immediate needs for which the account was established is promptly withdrawn from such account and deposited with the Treasury.
 - (ii) Agency procedures for handling funds in depositaries shall be designed to ensure, on a continuing basis, that fund balances are maintained only in the minimum amounts required to cover immediate disbursement needs.

- (iii) Where fund balances maintained on a demand basis with a depository may by law bear interest, as with some foreign currencies, agency procedures shall require that the highest possible interest rate commensurate with administration of the account be obtained.

10. Agency Responsibilities. The cash management principles set forth herein, as well as the detailed requirements forthcoming in the Treasury Fiscal Requirements Manual, shall be incorporated in each agency's financial systems and in the written procedural requirements for such systems, and shall be made an integral part of the agency's comprehensive audit program. The head of each agency shall ensure the following:

- (a) Development of agency cash management regulations and procedural requirements within six months after release by Treasury of the fiscal requirements. Such agency regulations and requirements shall be subject to review and approval by the Commissioner, Bureau of Government Financial Operations, or his designee and, along with copies of the agency's internal audit reports relating to the subject of cash management, shall be presented to the Commissioner or his designee upon request.
- (b) Establishment of a method for monitoring the agency's cash management practices not later than three months after the completion of the agency's written regulations and procedures to ensure compliance with the requirements.
- (c) Periodic, but no less frequent than annual, review of the agency's cash management practices. The documentation covering such review shall be furnished to the Commissioner, Bureau of Government Financial Operations, or his designee.

11. Implementing Instructions. Detailed fiscal requirements for implementing these regulations will be released by the Commissioner, Bureau of Government Financial Operations, in Volume I of the Treasury Fiscal Requirements Manual for Guidance of Departments and Agencies.

Dated

DEC 20 1976


Fiscal Assistant Secretary

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